

Message Text

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PAGE 01 TEHRAN 06912 041308Z
ACTION NEA-10

INFO OCT-01 ISO-00 EB-08 /019 W
-----082141 050033Z /12

R 040715Z AUG 77
FM AMEMBASSY TEHRAN
TO SECSTATE WASHDC 3876
HUD WASHDC
USDOC WASHDC

UNCLAS TEHRAN 6912

HUD FOR OFFICE OF INTERNATIONAL AFFAIRS: AANDREWS

E.O.11652: N/A
TAGSS: BBAK, ECRE, IR
SUBJ: HOUSING MAJOR PROJECT: STATUS REPORT - GENDARMERIE/
AMERICAN HOUSING INTERNATIONAL/HENRY MORRIS

REF: TEHRAN 03937 AND PREVIOUS

1. ACCORDING TO MORRIS, GENDARMERIE OFFICIALS ARE STILL ASSURING HIM THAT AMERICAN HOUSING INTERNATIONAL HAS PROJECT, ALTHOUGH CONTRACT HAS NOT YET BEEN SIGNED.

2. QUESTION OF IRANIAN CONSULTING ENGINEERING FIRM HAS BEEN RESOLVED IN FAVOR OF ARMITI (VICE ORGANIC) WHICH SIGNED CONTRACT FOUR DAYS AGO, AT WHICH TIME MORRIS WAS ASSURED "ABSOLUTELY" THAT HIS CONTRACT WILL BE SIGNED WITHIN NEXT TWO WEEKS.

3. MORRIS SAYS HE HAS DECLINED GENDARMERIE SUGGESTION THAT HE BEGIN GRADING AT SITE PRIOR TO SIGNING OF FINAL CONTRACT AND HAS STATED HE WILL DO NOTHING UNTIL FIRM RECEIVES \$9 MILLION ADVANCE PAYMENT NEGOTIATED (TOTAL PROJECT NOW ESTIMATED AT \$180 MILLION IN THREE EQUAL PHASES FOR WHICH ADVANCE ON FIRST PHASE IS 15PER CENT).

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4. COMMENT: MORRIS IS CERTAINLY WISE NOT TO PROCEED WITHOUT RECEIPT OF AN ADVANCE, AS THE EXPERIENCE OF OTHER FIRMS HERE HAS PROVEN. SEQUENCE OF EVENTS IS UNFORTUNATELY VERY TYPICAL OF CONTRACTS IN IRAN. GOI AUTHORITIES NORMALLY STRING OUT NEGOTIATIONS FOR EXTENDED PERIODS WHILE PROMISING IMMINENT SIGNING. IN CASES OF GOVERNMENT CONTRACTS OTHER THAN MILITARY, REASONS FREQUENTLY HAVE TO DO WITH FINANCING AND/OR BUDGETARY

PROBLEMS. AVAILABILITY OF MONEY IS NOT, AS FAR AS WE ARE AWARE,
A PROBLEM ON THIS CONTRACT BUT BEHIND-THE-SCENES CONSIDERATIONS
INVOLVED IN MAKING A SINGLE AWARD ON A CONTRACT OF THIS MAGNITUDE
ARE NO DOUBT TAKING TIME TO SORT OUT.

5. NOTE: MORRIS SAYS HE PLANS TO BRING IN 25 TEN-MAN US CREWS
AS REQUIRED SKILLED LABOR NOT LOCALLY AVAILABLE. HE EVIDENTLY
HAD NOT PROVIDED IN ORIGINAL ESTIMATE FOR ADDITIONAL EXPENSE
THIS PROCEDURE MAY INCUR IN VIEW OF NEW US TAX LAW AND HE NOW
PLANS TO INVESTIGATE POTENTIAL CHANGE IN COST STRUCTURE BEFORE
PROCEEDING. MORRIS IS ALSO PREPARING BIDS ON SEVERAL OTHER
PROJECTS WITH PRIVATE SECTOR INTERESTS.
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Message Attributes

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Sent Date: 04-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
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